THE HYDRO COMPANY, INC.
DBA THE NEVADA HYDRO COMPANY, INC.

September 26, 2007

Docket Office
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Docket 06-IEP-1F
2007 IEPR - Transmission
LEAPS Project – FERC Project Number 11858

Dear Sirs,

The Nevada Hydro Company ("TNHC") appreciates the opportunity to review the Joint Committee's "Draft 2007 Strategic Transmission Investment Plan" ("Plan"). TNHC, as developers of the Lake Elsinore Advanced Pumped Storage ("LEAPS") and the Talega-Escondido/Valley-Serrano 500 kV Interconnect ("TE/VS Interconnect") projects (together, "Projects"), supports the California Energy Commission's ("Commission") retention of the Projects in the final Plan.

The inclusion of the Projects in the final Plan reinforces the Federal Energy Regulatory Commission's ("FERC") independent findings of the need for and benefits to be derived precisely from these Projects. The construction of new transmission and pumped storage hydroelectric ("PSH") facilities within the southern California load center will enhance grid reliability and greatly assist the State of California in its quest to deliver new, and particularly renewable resources. This is critical to ratepayers, to attain the goals established under the renewable portfolio standards, and to aggressively reduce greenhouse gas emissions associated with conventional fossil-fuel power sources.

TNHC provides the Commission with a relatively minor clarification to the text of the draft Plan. In the first paragraph on page 96, the Plan notes that the Projects "could be on line by 2017." Note that current development plans call for the TE/VS Interconnect Project to be on line in 2009 and the LEAPS Project to be on line by 2012. These dates are being used by Southern California Edison and San Diego Gas & Electric in connection with TNHC's discussions with each utility.

Finally, TNHC would like to remind the Commission of the importance of PSH (as well as other storage technologies), as most recently documented in the Commission's "Intermittency Analysis Project: Final Report", CEC-500-2007-081 (July 2007). In that report, the Commission noted:

> The infrastructure and policy necessary to allow optimal use of existing PSH within California should be enhanced. Additional PSH capability could also enhance system scheduling flexibility, and will likely aid other flexibility attributes

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> discussed below. This is particularly true when conventional hydro flexibility is low, due to unusually high runoff conditions. . .Pursuing generating resources with greater minimum turndown and diurnal start/stop capabilities; ensuring greater participation by loads and optimizing use of pumped storage hydro will also aid with integrating variable renewable energy generation. (pages 40-47)

TNHC supports the Commission's planning endeavors and efforts to address the State's energy needs. The inclusion of LEAPS and TE/VS Interconnect Projects in the "Draft 2007 Strategic Transmission Investment Plan" will ultimately play an important role in the fulfillment of those needs. We forward to the Commission's adoption of the final Plan.

Very truly yours,

[Signed on Original]

David Kates